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April 15, 2003

Mr. Dan Arima U. S. Energy Corporation 877 North 8th West Riverton, Wyoming 82501

Re: Approval to Delete Fencing Requirement, U. S. Energy Corp., Velvet Mine, M//037/040, San

Juan County, Utah

Dear Mr. Arima:

On April 11, 2003, I received a copy of a letter from Fred Craft requesting that you be allowed to not fence the Velvet Mine site as part of reclamation. The primary purpose for fencing in the original mine plan was to protect vegetation that was becoming established.

Fencing is not a regulatory requirement, so your proposal is hereby approved. However, it will still be your responsibility to have adequate vegetation cover and to secure the portal and other openings to protect the public.

We would normally ask that you format your proposal so it can be included in your mine plan, but because the plan has not been kept up to date and because you are in the process of beginning reclamation, we will not make this requirement.

I look forward to working with you on reclamation of this site and thank you for your cooperation. Please call me at 801-538-5261 if you have any questions about this letter or about reclamation of the site.

Paul B. Baker

Senior Reclamation Biologist

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Ted McDougall, Monticello BLM

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